

Minutes of Meeting
Health Services Council
Project Review Committee-I

DATE: 16 October 2007

TIME: 2:30 PM

LOCATION: Women and Infants Hospital

ATTENDANCE:

Committee-I: Present: Edward F. Almon, Amy Lapierre, Thomas M. Madden, Esq., Robert J. Quigley, DC, (Chair), Larry Ross

Not Present: Joseph V. Centofanti, M.D., Robert Ricci, Robert Whiteside

Excused Absence: Victoria Almeida, Esq., (Vice Chair), John W. Flynn, Robert S.L. Kinder, M.D.

Other Members: Present: Sen. Catherine Graziano, RN, Ph.D., Rev. David Shrine

Staff: Valentina D. Adamova, Michael K. Dexter, Chrystele Lauture (Intern), Cheryl LeClair, Joseph G. Miller, Esq., Christine Tice (Intern)

Public: Barbara Chadwick, Gail Costa, Donald Coustan, M.D., Patrice DiMario, Gerard Goulet, Legal Counsel, Constance Howes, May Kernan, James Padbury, M.D., Debra Paul, Kimberly Silvestri, Kellie Sullivan, Harvey Zimmerman

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and Time Extension for the Minutes Availability

The meeting was called to order at 2:30 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded and passed by a vote of six in favor and none opposed (5-0) that the availability of the minutes for this meeting be extended beyond the time frame provided for under the Open Meetings Act. Those members voting in favor were: Almon, Flynn, Lapierre, Madden, Quigley.

2. General Order of Business

The first item on the agenda was the site visit regarding the Change Order Request of Women & Infants Hospital [Care New England Health System] to the 2 November 2005 approval of the Certificate of Need to construct a five-story addition and increase the number of NICU bassinets and licensed bed capacity for obstetric services [Cost

overrun of \$12,835,000 and changes to financing and operating costs].

The applicant presented a PowerPoint presentation. The applicant noted that the increase in operating cost is due to the increase in construction costs which resulted in an additional depreciation expense. The applicant noted that the increase in the cost of the projected increased the architect's fees. The applicant cited the increase in material costs like steel, and interior finishes such as plumbing, sprinklers, and electrical costs as cause of the increase. With regards to financing the project, the applicant stated that it plans to borrow \$30 million and the rest of the funds will be in the form of equity. During the two-year period since the approval, the campaign has raised \$17.3 million and the goal of the campaign has been raised from \$16 million to \$19-\$20 million. The applicant noted that the operating expenses will increase because of the additional depreciation cost of \$567,000. The applicant said that the Guaranteed Maximum Price (GMP) contract was received on 16 August 2007.

To the question about the scope of the GMP contact, the applicant responded that it was for the construction portion. The applicant was asked to discuss in detail the specific items that related to the cost increase for each category. The applicant stated that the electrical code for emergency electrical power changed during the development of the project and had approximately \$400,000 cost impact. The HVAC portion of the project was revised to address

outbreaks based on best practices. This resulted in the design changing from 1 or 2 isolation rooms to an entire zone. The applicant also noted an increase in the costs of all metal products related to the project as well. With regards to the architect fees, the applicant noted that the architects have a contract based on a percentage of the construction costs. The applicant noted that the costs of architect fees were fixed in the middle of the project and did not increase as high as they could have. With regards to the concerns about the delay of the project, the applicant said that the budget checks during the schematic and design development phases, contributed to delays. The applicant noted that a three-month occupancy strategy has been added to the projected completion date as well. This is a strategy that allows the medical and nursing team to learn new procedures and work in the new addition before an official opening.

The Chairman asked how much funds have been expended to date. The applicant responded about \$7 million. To staff's questions regarding additional cost increases, the applicant stated that with GMP in place, they do not expect the cost to increase. Staff noted for the record issues with regards to the conditions of approval which would be addressed at a later meeting.

To the Chairman's questions regarding collaboration with the Brown University, the applicant responded that this is part of their academic mission and this study will follow children after birth to study the impact of environment and genetic issues and their relation to

diseases. This will include a community outreach program to involve people in the study and in the first five years there will be a \$14 million contract with Brown. The applicant noted that this is an example of Women & Infants trying to become a leader in women's health.

The applicant invited the committee to take a tour of a mock-up room that would be utilized in the new NICU upon completion. The applicant noted that its medical staff had opportunities to comment on the design

The applicant noted that they are planning on applying for tax-exempt bond financing in November.

There was no further business the meeting was adjourned at 3:00PM.

Respectively submitted,

Valentina D. Adamova, MBA